

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BOARD OF ADMINISTRATION

INVESTMENT COMMITTEE

August 14, 2006

Chief Investment Officer's

Consolidated Investment Activity Report

(May 2006 Reporting Period)

Market Environment – May 31, 2006

General Market Commentary

Equity markets around the world staged a significant sell-off in May while the yield curve remained flat. Inflation reports exceeded expectations, causing investor concern that the Federal Reserve's campaign of interest rate hikes may continue longer than had previously been thought.

Domestic and International Equities

Global equity markets fell in unison as the market reassessed its appetite for risk, and equity investors found no shelter from the storm. Domestically, growth equities were hit hardest. Small-cap growth equities (Russell 2000 Growth) fell 7.0%, and large-cap growth equities (Russell 1000 Growth) declined 3.4%. Small value (Russell 2000 Value) shed 4.1%, and large value (Russell 1000 Value) fell by 2.5%.

Domestic and International Fixed Income

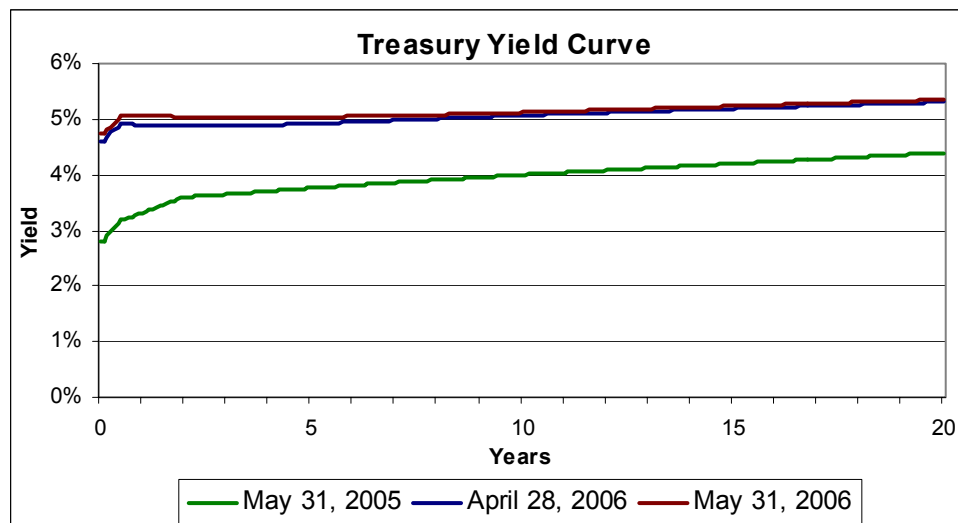
U.S. Treasuries were not the beneficiaries of the market's sell-off in risky assets, as evidenced by yields that changed only marginally over the month. The yields of 10- and 30-year Treasuries rose by 4 basis points. The market saw declines in emerging market debt (-2.1%, JP Morgan EMBI), U.S. high yield (-0.3%, JP Morgan US High Yield), and the overall U.S. market (-0.1%, LB Aggregate). US TIPS posted a 0.3% gain (ML US TIPS), as did non-US debt, which returned 0.6% in U.S. Dollar terms (JP Morgan GBI Hedged).

Real Estate

Real estate, as measured by the NAREIT Equity Index, fell by (2.9%) in May. The NCREIF Index of Real Estate Properties returned 3.6% in the quarter ended March 2006.

Private Equity, Absolute Return Strategies

The Venture Economics All Private Equity Index returned 22.6% for the 12 months ended December 2005 and 12.3% for the 10 years ended December 2005. Absolute Return Strategies (CSFB/Tremont Hedge Fund Index) returned -1.3% in May and 14.5% for the 12 months ended May 2006.



MARKET INDICATORS	5/31/2005	Direction	4/28/2006	Direction	5/31/2006
1m LIBOR (fixed in \$)	3.13%	▲	5.04%	▲	5.11%
Federal Funds	3.00%	▲	4.75%	▲	5.00%
10Y Treasury Note Yield	4.01%	▲	5.07%	▲	5.11%
30Y Treasury Bond Yield	4.35%	▲	5.17%	▲	5.21%
DJ-Wilshire 5000 Comp	11,778.43	▲	13,252.50	▼	12,802.45
S&P 500	1,191.50	▲	1,310.61	▼	1,270.09
NASDAQ Composite	2,068.22	▲	2,322.57	▼	2,178.88
FTSE 100 Index	4,964.00	▲	6,023.10	▼	5,723.80
Nikkei 225 Index	11,276.59	▲	16,906.23	▼	15,467.33
Yen/\$ (Dollar Strength)	107.970	▲	113.790	▼	112.260
Euro/\$ (Dollar Strength)	0.810	▼	0.792	▼	0.779
GBP/\$ (Dollar Strength)	0.549	▲	0.549	▼	0.534
Crude Oil per Barrel	\$ 51.97	▲	\$ 71.88	▼	\$ 71.29
Gold (\$/oz Daily Spot)	\$ 414.45	▲	\$ 644.00	▲	\$ 653.00
GS Commodities Index	\$ 354.97	▲	\$ 474.79	▼	\$ 474.55

CalPERS Asset Allocation – May 31, 2006

Summary

- Total Fund Market Value was \$205.9 Billion
- Total Fund Book Value was \$164.2 Billion
- All Asset Classes are within their permissible ranges relative to target ranges and strategic target levels.

Book to Market Value Comparison

	Book Value (\$ Billion)	Market Value (\$ Billion)	Difference (\$ Billion)
Total Cash Equivalents	\$1.5	\$1.5	\$0.0
Total AIM Direct/Partnership	\$12.7	\$11.1	-\$1.6
Total Fixed Income	\$50.9	\$50.0	-\$0.9
Domestic Equities ¹	\$50.0	\$83.4	\$33.3
International Equities	\$36.9	\$48.3	\$11.5
Total Equities	\$86.9	\$131.7	\$44.8
Total Real Estate	\$12.1	\$11.6	-\$0.5
Total Equities and Real Estate	\$99.0	\$143.2	\$44.2
Total Fund	\$164.2	\$205.9	\$41.7

¹ Included is MDP Investment - LM Capital Investment: Total Book Value=\$186.1M, Total Market Value=\$179.2M.

* Figures for this report are rounded for viewing purposes. Calculations are based on actual values. When summing net amounts on this report, there may be breakage.

Top Company Exposures

- As a very significant institutional investor, CalPERS has large exposures to the securities of many corporations either through internal or externally managed portfolios. Consistent with board requested information and in support of the Board of Administration's oversight role, a schedule of the top 20 company exposures is prepared for informational purposes and can be found on Page 4.

CalPERS Total Fund Top 20 Company Exposures

Based on Total Market Values as of 5/31/2006

Company Name	Equity Exposure				Total Equity Market Value	Fixed Income Exposure			Total FI Market Value	Real Estate Exposure (1)	TOTAL Market Value	% of Total Fund(3)
	Internally Managed Active	Internally Managed Passive	Externally Managed Active	Externally Managed Passive		Internal	External	Sec. Lending(2)				
GENERAL ELECTRIC	304,229,862	1,335,300,630	227,546,698		1,867,077,190	73,423,499	74,294,863	703,055,967	850,774,329		2,717,851,519	0.96%
EXXON MOBIL CORP	299,110,615	1,377,638,016	226,507,296		1,903,255,927				0		1,903,255,927	0.91%
BANK OF AMERICA CORP	102,284,252	828,093,750	142,448,750		1,072,826,752	51,802,211	5,016,900	503,839,000	560,658,111		1,633,484,863	0.54%
CITIGROUP INC	181,763,480	923,551,690	186,472,813		1,291,787,983	100,535,643	113,374,361		213,910,004		1,505,697,987	0.72%
MICROSOFT CORP	143,513,277	884,140,485	164,825,296		1,192,479,058				0		1,192,479,058	0.57%
BERKSHIRE HATHAWAY	104,940,517	524,394,156	9,769,540		639,104,213	220,456,721		200,096,000	420,552,721		1,059,656,934	0.41%
WAL MART STORES INC	102,499,173	737,413,845	83,997,234		923,910,252	122,823,223	2,741,585		125,564,808		1,049,475,060	0.50%
JPMORGAN CHASE & CO	143,527,903	549,398,770	123,240,900		816,167,573	32,700,067	4,234,676	99,953,430	136,888,173	8,828,590	961,884,336	0.41%
JOHNSON + JOHNSON	131,961,351	659,330,714	133,503,826		924,795,891	13,232,610			13,232,610		938,028,501	0.45%
MBNA CR CARD					0			899,648,006	899,648,006		899,648,006	0.00%
CITIBANK CRDIT CRD ISS					0			879,074,258	879,074,258		879,074,258	0.00%
PFIZER INC	75,378,465	644,181,356	140,190,847		859,750,668	16,284,061			16,284,061		876,034,729	0.42%
PROCTER + GAMBLE CO	86,889,838	677,418,231	75,287,174		839,595,243	4,800,007			4,800,007		844,395,250	0.40%
HSBC HOLDINGS	0	213,469,704	158,428,694	199,520,751	571,419,149	146,296,285	117,584,880		263,881,165		835,300,314	0.40%
AMERICAN INTL GROUP INC	79,530,170	584,610,240	69,354,074		733,494,484	8,907,387	32,386,853		41,294,240		774,788,724	0.37%
CONOCOPHILLIPS	56,839,926	393,496,778	100,514,457		550,851,161	213,094,256			213,094,256		763,945,417	0.36%
PRUDENTIAL FINL INC	245,102,482	143,679,820	251,331,166		640,113,468	14,280,059	85,987,864		100,267,923		740,381,391	0.35%
INTERNATIONAL BUSINESS I	163,738,511	466,488,160	81,435,039		711,661,710	7,627,363	3,224,678		10,852,041		722,513,751	0.35%
CHEVRONTExaco CORP	95,744,477	493,757,778	81,638,880		671,141,135	51,087,152			51,087,152		722,228,287	0.34%
VERIZON COMMUNICATIONS	55,850,170	337,545,107	56,243,666		449,638,943	257,159,204	4,465,147		261,624,351		711,263,294	0.34%

(1) Real Estate exposure data only includes the 20 companies with the highest annual lease revenues for each core partnership, excludes properties in escrow. The market value exposures are calculated based only on two years of expected lease revenues.

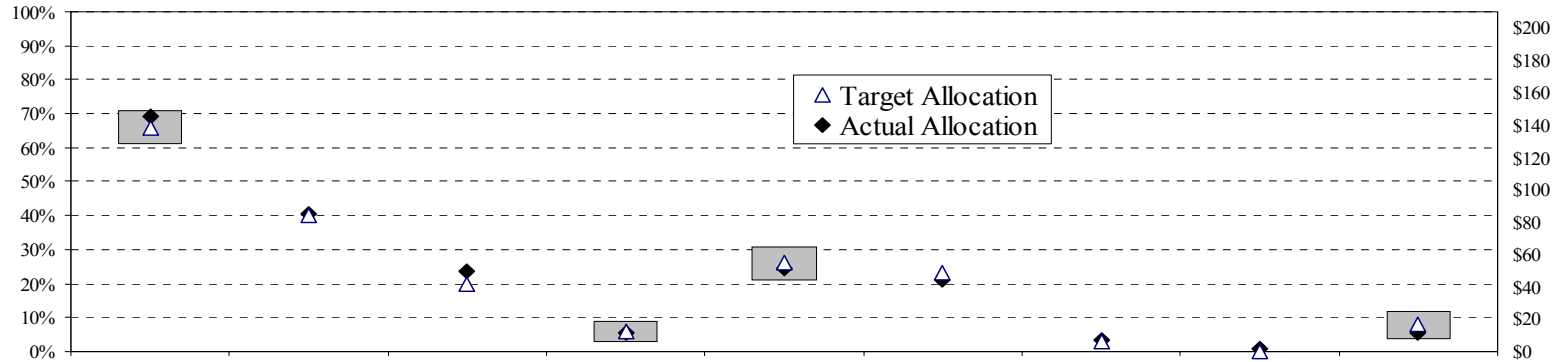
(2) Does not include Repos

(3) Excludes securities lending exposure

CalPERS

Asset Allocation as of May 31, 2006

Total Fund Market Value: **\$205,901,302,353**



	Total Equity	Domestic Equity	International Equity	Private Equity	Total Fixed	Domestic Fixed	International Fixed	Cash ¹	Real Estate	Total Fund
Target Range	61-71%	N/A	N/A	3-9%	21-31%	N/A	N/A	N/A	4-12%	N/A
Strategic %	66.0%	40.0% ²	20.0% ³	6.0%	26.0%	23.0%	3.0%	0.0%	8.0%	N/A
Actual %	69.4%	40.5%	23.5%	5.4%	24.3%	21.0%	3.2%	0.8%	5.6%	N/A
Variance %	3.4%	0.5%	3.5%	(0.6%)	(1.7%)	(2.0%)	0.2%	0.8%	(2.4%)	N/A
Strategic \$ ⁴	\$135.9	\$82.4	\$41.2	\$12.4	\$53.5	\$47.4	\$6.2	\$0.0	\$16.5	N/A
Actual \$ ^{4 5}	\$142.8	\$83.4	\$48.3	\$11.1	\$50.0	\$43.3	\$6.7	\$1.5	\$11.6	N/A
Variance \$ ⁴	\$6.9	\$1.0	\$7.2	(\$1.2)	(\$3.5)	(\$4.0)	\$0.5	\$1.5	(\$4.9)	N/A
% Passive	63.5%	75.8%	56.8%	0.0%	0.0%	0.0%	0.0%	0.0%	3.9%	44.3%
% Active	36.5%	24.2%	43.2%	100.0%	100.0%	100.0%	100.0%	100.0%	96.1%	55.7%
% Internal ⁶	54.2%	75.8%	29.4%	0.0%	84.0%	96.9%	0.0%	40.7%	3.9%	58.5%
% External ⁶	45.8%	24.2%	70.6%	100.0%	16.0%	3.1%	100.0%	59.3%	96.1%	41.5%

MDP Venture accounts included in MDP's primary asset class. MDP Fixed and Enhanced Index Equity roll to External Domestic Equity.

¹ Cash includes SMIF at STO.

² Wilshire's reports reflect 38.8%, to account for 1.2% allocation to RMARS Program.

³ Wilshire's reports reflect 19.4%, to account for 0.6% allocation to RMARS Program.

⁴ (\$ Billion)

⁵ Based upon Trade Date Accounting as recommended by CFA Institute GIPS Standards.

⁶ For cash percentage only, average over previous 6 months.

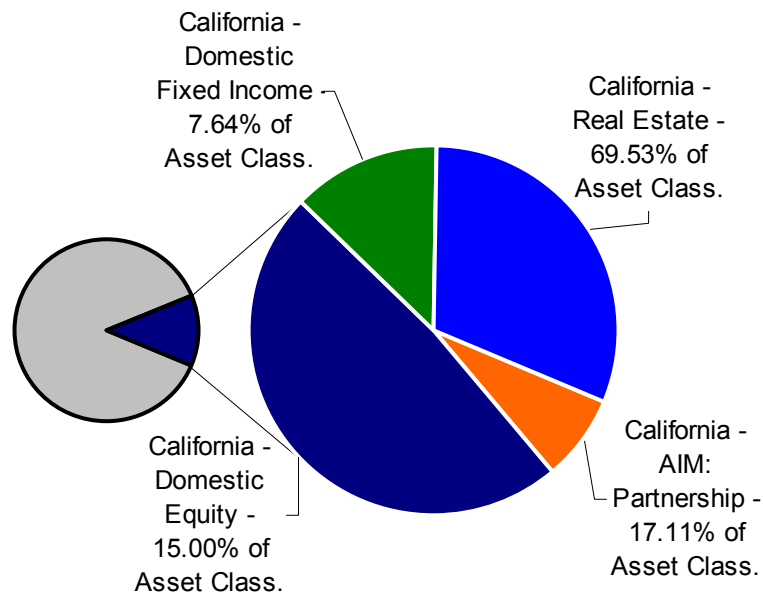
Private Equity Asset Allocation as of 5/31/2006			
Funded	\$(in Billions)	% Allocation	Target Range
Current Market Value	\$11.11	5.4%	
Unfunded Commitment	\$12.90	6.3%	
Current Market Value plus Unfunded Commitment	\$24.01	11.7%	3-9%

CalPERS Investments in the State of California – May 31, 2006

The State of California offers CalPERS a number of attractive investment opportunities. The following charts summarize the Investments by Asset Class as of the date of this report. A detailed report is available in the Investment Monitoring Supplemental Information.

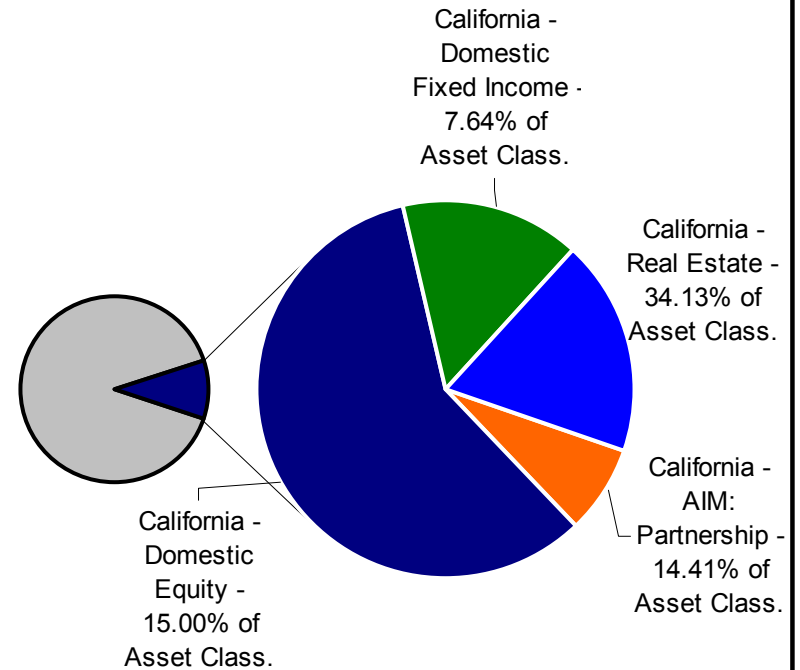
California Commitments (includes unfunded investments)

Current California Commitments at 5/31/2006 Total Fund %: 12.51%



California Investments

Current California Investments at 5/31/2006 Total Fund %: 10.37%



Performance Summary – May 31, 2006

Total Plan:

Net Total Fund returns have exceeded or equaled the Actual Weighted Total Fund Index in all periods shown, except for during the month of May. Ten-year net returns were 9.02% versus 8.19% for the actual weighted index.

Domestic Equity:

Net Domestic Equity returns have exceeded the Blended Index in all long-term periods shown but underperformed in the short-term time periods. Ten-year net returns were 8.53% versus 8.22% for the blended benchmark.

International Equity:

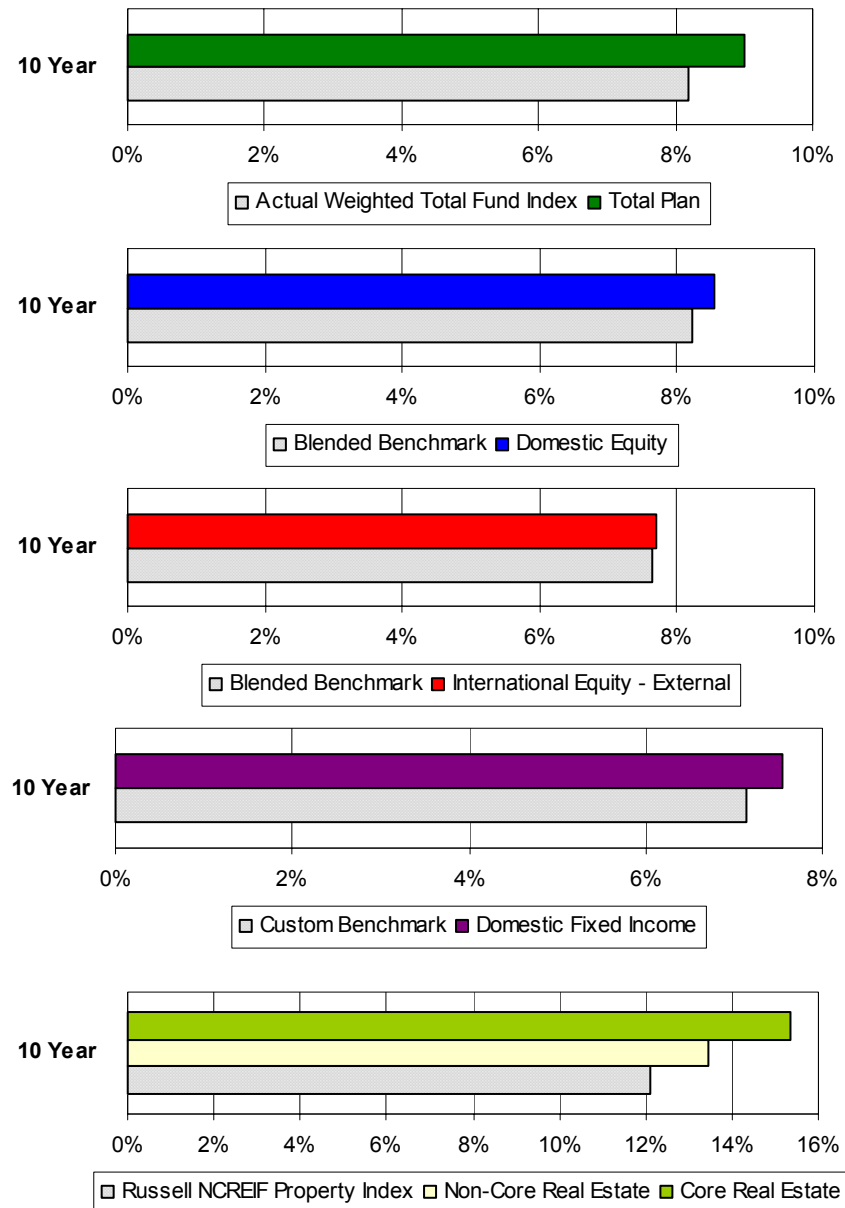
Net International Equity (External) returns including the currency overlay have underperformed during all periods except for the ten-year period. Ten-year net returns were 7.70% (7.63% without currency overlay) versus 7.65% for the blended benchmark. The Internal portfolio has returned 27.39% since its 5/1/2005 inception (exceeding its benchmark of 26.85%).

Domestic Fixed Income:

Net Domestic Fixed Income returns have exceeded the benchmark in all periods shown. Ten-year net returns were 7.55% versus 7.13% for the benchmark.

Real Estate:

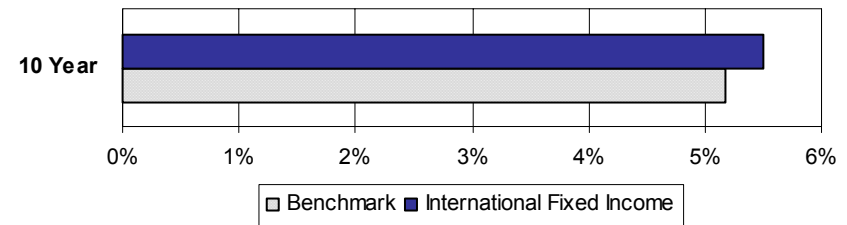
Net returns to the Core Real Estate Portfolio have exceeded the NCREIF Property benchmark in all relevant periods shown. Non-core portfolio returns have exceeded the benchmark in all periods shown. Ten-year net returns were 15.36% for the Core Real Estate portfolio and 13.45% for Non-Core Real Estate versus 12.10% for the lagged benchmark.



Performance Summary – May 31, 2006

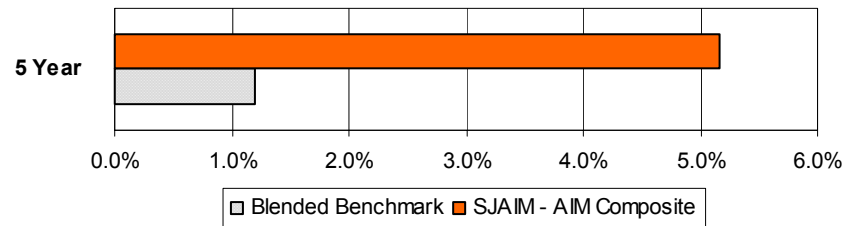
International Fixed Income:

Net International Fixed Income returns have underperformed during the short-term periods, but have exceeded the benchmark in periods greater than one-year. Ten-year net returns were 5.51% versus 5.17% for the benchmark.



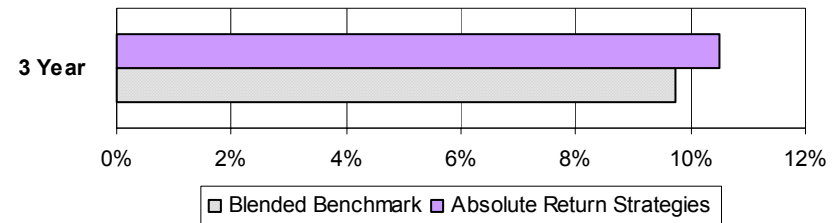
Alternative Investments:

Net returns for the Alternative Investments portfolio have exceeded the blended benchmark in all time periods shown. Five-year net returns are shown for the AIM Composite, which includes distributed stock (5.16% vs. 1.19%). Ten-year net returns for the AIM Partnership & Direct Composite were 12.84%, exceeding the ten-year custom blended benchmark return of 7.23%.



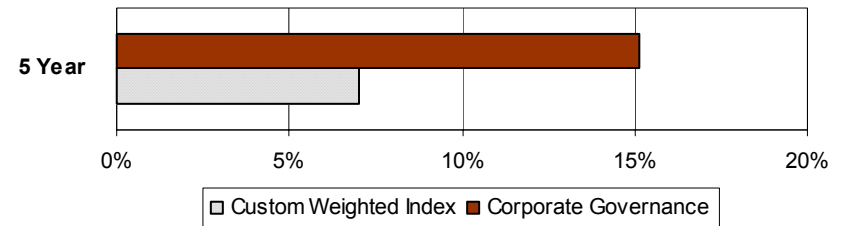
Absolute Return Strategies:

Net Absolute Return Strategies returns have outperformed in all time periods except during May and the past three months. Three-year net returns were 10.50% versus 9.72% for the blended benchmark.



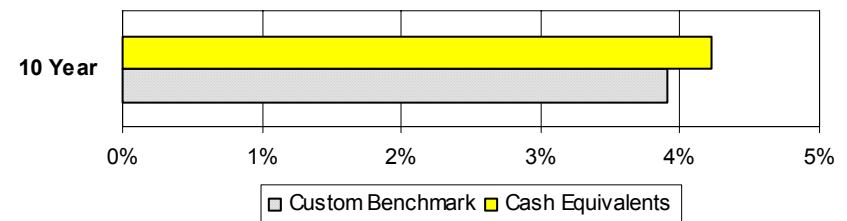
Corporate Governance:

Net returns to Corporate Governance Investments have exceeded the Custom Benchmark in all periods shown except during the fiscal year-to-date. Five-year net returns were 15.15% versus 7.03% for the weighted index.



Cash Equivalents:

Net returns for the Cash Equivalents portfolio have met or exceeded the benchmark in all periods shown, except during the past three months. Ten-year net returns were 4.22% versus 3.91% for the custom benchmark.



CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CIO REPORT
GROSS RATES OF RETURN
Period Ending May 31, 2006
Investment Committee Meeting August 2006

	MKT VAL (000'S)	One Month May 06	QTR Mar - May 06	FYTD 05-06	CYTD 2006	1 Year	3 Years	5 Years	10 Years
TOTAL PLAN									
SJ1CA1 TOTAL FUND	205,901,302	-2.22	0.81	12.08	4.00	13.83	14.22	7.28	9.18
CALPERS POLICY INDEX		-1.84	0.72	10.75	3.85	11.94	12.77	6.38	8.35
ACTUAL WEIGHTED TOTAL FUND INDEX		-2.14	0.73	8.82	3.72	10.12	12.32	6.31	8.19
GLOBAL EQUITY									
DOMESTIC									
SH8CA1 TOT DOME EQ+IND HG+ENV EX VENT, HDG, CG	79,052,574	-3.20	-0.28	9.65	3.06	10.53	12.95	3.36	8.55
WILSHIRE 2500 EX TOBACCO (BLENDED)		-3.11	-0.20	9.49	3.14	10.35	12.89	3.12	8.22
INTERNATIONAL - EXTERNAL									
SHBCA1 INTL TOT EXT EQ+MDP+IND HG, EX OVLY EX VT	31,296,928	-5.09	2.85	28.27	9.87	30.58	26.40	10.41	7.68
SHBKA1 INTL TOT EXT EQ+MDP+IND HG+OVLY EX VT	31,105,916	-5.58	1.36	26.84	7.81	29.66	25.41	9.09	7.75
CALPERS FTSE A-W X US/SSGA BLEND		-4.67	3.06	27.79	9.82	30.16	26.44	10.37	7.65
INTERNATIONAL - INTERNAL									
SWB3 INTERNAL INTERNATIONAL EQUITY INDEX	13,697,255	-3.67	4.25	27.29	10.65	29.42			
CALPERS FTSE DEV WORLD EX US & TOBACCO		-3.73	4.09	26.98	10.50	29.09			
SWCG INTERNATIONAL EQUITY TRANSITION	510,011	1.73	9.56		19.58				
HEDGE FUND INVESTMENTS									
SNLCA1 TOTAL ARS PROGRAM COMPOSITE	2,699,581	-1.89	1.33	11.93	5.32	14.05	10.73		
TOTAL ARS PROGRAM BLENDED INDEX		0.68	2.11	7.35	3.44	7.96	9.72		
CORPORATE GOVERNANCE									
SWMKA1 CORPORATE GOVERNANCE	4,217,323	-3.67	2.28	16.97	4.30	21.73	27.90	15.67	
CALPERS TOTAL CORP GOV WEIGHTED INDEX		-4.64	-0.77	19.70	2.39	21.46	19.24	7.03	
MDP DOM FIXED INCOME-INVESTMENTS									
SN1KA1 MDP DOM FIXED INCOME-INVESTMENTS	179,239	-0.14	-1.00	-0.56	-0.54	-0.13	2.84		
CITIGROUP BROAD INVESTMENT GRADE		-0.12	-1.34	-1.03	-0.99	-0.46	2.00	5.04	6.35
GLOBAL FIXED INCOME									
DOMESTIC									
SJDKA1 TOTAL DOM FIXED	43,327,917	-0.13	-2.57	-1.56	-1.96	-0.66	3.41	6.54	7.55
CALPERS CUSTOM LEH LPF		-0.19	-2.98	-3.33	-2.70	-2.41	1.98	6.05	7.13
INTERNATIONAL									
SJDCA1 TOTAL INTERNATIONAL FIXED INCOME	6,674,670	1.88	3.61	1.50	5.22	0.35	5.34	10.01	5.59
CALPERS WORLD GOVT EX US		2.07	4.00	1.68	5.35	0.42	4.99	9.68	5.17
CASH EQUIVALENTS									
SJVKA1 TOTAL CASH	1,546,265	0.41	1.17	4.00	1.89	4.26	2.48	2.51	4.22
CALPERS CUSTOM STIF NET OF FEES		0.41	1.18	3.80	1.89	4.05	2.30	2.24	3.91
ALTERNATIVE INVESTMENTS									
SJAIM AIM COMPOSITE	11,106,260	5.16	5.50	19.39	10.80	19.49	18.23	5.18	
SJXKA1 AIM: PARTNERSHIP & DIRECT INVESTMENTS	10,995,795	5.27	5.47	19.45	10.76	19.44	18.25	5.29	12.84
PERS WILSHIRE 2500/CYFU BLEND		1.29	3.91	17.12	6.60	18.99	14.15	1.19	7.23
SW2V AIM DISTRIBUTION STOCK	110,465	-4.03	6.58	5.73	14.17	11.61	18.37	3.52	
REAL ESTATE									
SW3CA1 CORE REAL ESTATE	5,645,850	-0.05	8.46	29.96	8.70	48.32	27.28	20.22	17.17
SW7KA1 TOTAL NON-CORE REAL ESTATE	5,912,474	-0.84	12.83	29.67	13.67	35.35	30.87	19.91	16.56
NCREIF PROPERTY 1 QTR LAG INDEX		0.00	5.43	15.99	5.43	20.06	14.42	11.40	12.10

(1) SJXKA1 actual inception 3/90, returns only available since conversion to State Street Bank Private Real Estate valued at prior quarter-end; Public Real Estate valued at current month-end.

Excludes MDP venture accounts in composites SW9C, SWDC.

This report prepared by State Street Bank

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CIO REPORT
NET RATES OF RETURN
Period Ending May 31, 2006
Investment Committee Meeting August 2006

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MDP DOM FIXED INCOME-INVESTMENTS									
SN1KA1 MDP DOM FIXED INCOME-INVESTMENTS	179,239	-0.14	-1.04	-0.67	-0.58	-0.28	2.61		
CITIGROUP BROAD INVESTMENT GRADE		-0.12	-1.34	-1.03	-0.99	-0.46	2.00	5.04	6.35
GLOBAL FIXED INCOME									
DOMESTIC									
SJDKA1 TOTAL DOM FIXED	43,327,917	-0.14	-2.57	-1.56	-1.96	-0.66	3.39	6.53	7.55
CALPERS CUSTOM LEH LPF		-0.19	-2.98	-3.33	-2.70	-2.41	1.98	6.05	7.13
INTERNATIONAL									
SJDCA1 TOTAL INTERNATIONAL FIXED INCOME	6,674,670	1.87	3.60	1.43	5.19	0.28	5.26	9.93	5.51
CALPERS WORLD GOVT EX US		2.07	4.00	1.68	5.35	0.42	4.99	9.68	5.17
CASH EQUIVALENTS									
SJVKA1 TOTAL CASH	1,546,265	0.41	1.17	4.00	1.89	4.26	2.48	2.51	4.22
CALPERS CUSTOM STIF NET OF FEES		0.41	1.18	3.80	1.89	4.05	2.30	2.24	3.91
ALTERNATIVE INVESTMENTS									
SJAIM AIM COMPOSITE	11,106,260	5.16	5.49	19.37	10.79	19.46	18.21	5.16	
SJXKA1 AIM: PARTNERSHIP & DIRECT INVESTMENTS	10,995,795	5.27	5.47	19.45	10.76	19.44	18.25	5.29	12.84
PERS WILSHIRE 2500/CYFU BLEND		1.29	3.91	17.12	6.60	18.99	14.15	1.19	7.23
SW2V AIM DISTRIBUTION STOCK	110,465	-4.03	6.11	4.05	13.34	9.83	17.17	2.31	
REAL ESTATE									
SW3CA1 CORE REAL ESTATE	5,645,850	-0.05	8.17	25.84	8.40	38.81	23.27	17.38	15.36
SW7KA1 TOTAL NON-CORE REAL ESTATE	5,912,474	-0.84	9.96	23.33	10.78	27.48	24.05	15.21	13.45
NCREIF PROPERTY 1 QTR LAG INDEX		0.00	5.43	15.99	5.43	20.06	14.42	11.40	12.10

(1) SJXKA1 actual inception 3/90, returns only available since conversion to State Street Bank. Excludes MDP venture accounts in composites SW9C, SWDC. Private Real Estate valued at prior quarter-end; Public Real Estate valued at current month-end.

This report prepared by State Street Bank

Investment Operations Report – May 31, 2006

Closed Session Transactions

- No items to report.

Activity Reports – May 31, 2006

- Staff prepares activity reports for the AIM, Risk Managed Absolute Return Strategies and Opportunistic Real Estate Programs. Detailed reports and investment summaries for the AIM and Risk Managed Absolute Return Strategies are included in the supplemental reporting document. Opportunistic Real Estate Investments will be reported below as they occur.

AIM Activity Report

Activity	Month	2004	2005	2006 YTD	Since Inception
Investment Proposals Received	18	381	316	92	5873
Declined/Referred/Failed to Materialize	36	223	429	62	4655
Deals in Screening	67	397	318	92	2887
Due Diligence Reviews	27	65	59	24	553

Risk Managed Absolute Return Strategies Program Activity Report

Activity	2004	2005	2006 YTD	Since Inception
Information Received	59	59	29	586
Declined	12	7	1	243
Deals in Screening	45	58	25	328
Due Diligence Reviews	5	22	22	65
Approved by ARS Board	5	22	22	63
Funded Investments (\$ Millions)	\$149	\$783	\$702	\$2,213

Opportunistic Real Estate Investments Activity Report

Activity	Month
Secured Capital Asia Fund RLJ Urban Lodging II	May 2006

Investment Transactions

Investment Transactions are reported to the Investment Committee for review under the requirements of California Government Code Section 20191. Information is provided in summary format in this consolidated document. Full reporting is available in the supplemental reporting document.

Portfolio Summary and Transactions Report:

- Purchases – Internal Management (Page 14)
- Sales – Internal Management (Page 15)
- Currency Hedge Portfolio Summary (Page 16)
- Currency Hedge Portfolio Transactions (Page 16)

Investment Transaction Information: (full reporting is available in the supplemental reporting document)

- Fixed Income Transactions
 - Internal Domestic
 - External International and High Yield
 - Special Mortgage Investment Program Transactions
 - High Yield Performance
- Equity Summary & Transactions
 - Internal Domestic
 - Corporate Actions
 - External Domestic
 - External International
- Internal Programs
 - Closed Real Estate Transactions Summary
 - Dispositions Summaries
 - CalWest/RREEF – Breckinridge Land, CalPERS equity share \$247,295.00
 - CalSmart/RREEF – Oakesdale Corn Center, CalPERS equity share \$16,083,714.00
 - CalSmart/RREEF – Sierra Gateway, CalPERS equity share \$10,594,752.00
 - Acquisitions Summaries
 - Blackrock Realty – Woodbridge Park, CalPERS equity share \$4,679,593.00
 - Capri Capital – Sage at Cupertino, CalPERS equity share \$16,801,785.00

Investment Transactions

Investment Transaction Information (continued): [\(full reporting is available in the supplemental reporting document\)](#)

- AIM Program Transactions
- Summary Listing of Capital Calls and Aggregate Distributions
- AIM Program Investments Completed under Delegation of Authority
 - Investment Summaries
 - Audax Mezzanine Fund II, LP, \$100 million commitment
 - Carlyle Asia Growth Partners III, LP, \$75 million commitment
- Internally Managed Derivative Transactions Summary
 - Investment Summaries
 - Futures purchases, \$0.21 million notional
 - Futures sales, \$0.01 million notional
- Risk Managed Absolute Return Strategies Program Transactions
- Risk Managed Absolute Return Strategies Program Items Completed Under Delegation of Authority
 - Investment Summaries
 - Tennenbaum Multi-Strategy Fund LLC, \$50 million initial contribution

Portfolio Summary and Transactions

INVESTMENT TRANSACTIONS SUMMARY

(\$ Millions)

April 30, 2006

PURCHASES

INTERNAL MANAGEMENT

	<u>PAR</u>	<u>COST</u>	<u>ANNUALIZED YIELD</u>	<u>%OF LONG TERM PURCHASES</u>
<u>ALTERNATIVE INVESTMENTS:</u>				
Partnership Component	256.3	\$273.9	N/A	2.40%
<u>BONDS:</u>				
Utilities & Industrials	96.5	\$94.8	6.77%	0.83%
Sovereign	<u>146.5</u>	<u>113.1</u>	5.46%	<u>0.99%</u>
Total	243.0	\$207.8		1.82%
<u>GOVERNMENTS:</u>				
U.S. Agencies & Treasuries	1,905.6	\$2,079.7	5.08%	18.22%
<u>MORTGAGE SECURITIES:</u>				
Pass-Through	1,385.5	\$1,345.0	5.78%	11.78%
CMO	<u>104.5</u>	<u>101.2</u>	5.85%	<u>0.89%</u>
Total	1,490.0	\$1,446.2		12.67%
<u>EQUITIES:</u>				
Common Stock		\$2,629.2	N/A	23.03%
EXTERNAL MANAGEMENT				
<u>EQUITIES AND FIXED INCOME:</u>				
International Common Stock		\$1,538.3	N/A	13.47%
Domestic Common Stock		2,181.2	N/A	19.11%
International Fixed Income		<u>1,060.1</u>	N/A	<u>9.29%</u>
Total		\$4,779.6		41.87%
TOTAL PURCHASES:		\$11,416.4		100%

Portfolio Summary and Transactions

INVESTMENT TRANSACTIONS SUMMARY

(\$ Millions)

April 30, 2006

SALES

INTERNAL MANAGEMENT

	<u>PAR</u>	<u>COST</u>	<u>PROCEEDS</u>	<u>GAIN/ LOSS</u>
<u>ALTERNATIVE INVESTMENTS:</u>				
Partnership Component	0.4	\$17.4	\$17.4	\$0.0
<u>BONDS:</u>				
Utilities & Industrials	140.8	\$139.5	\$146.3	\$6.7
Sovereign	<u>114.0</u>	<u>110.5</u>	<u>109.7</u>	<u>(0.7)</u>
Total	254.8	\$250.0	\$256.0	\$6.0
<u>GOVERNMENTS:</u>				
U.S. Agencies & Treasuries	2,018.1	\$2,079.0	\$1,988.2	(\$90.8)
<u>MORTGAGE SECURITIES:</u>				
Pass-Through	1,385.5	\$1,354.1	\$1,346.3	(7.8)
CMO	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total	1,385.5	\$1,354.1	\$1,346.3	(\$7.8)
<u>EQUITIES:</u>				
Common Stock		\$2,241.1	\$2,729.1	\$488.0
EXTERNAL MANAGEMENT				
<u>EQUITIES AND FIXED INCOME:</u>				
International Common Stock		\$1,248.2	\$1,456.6	\$208.4
Domestic Common Stock		1,840.4	1,938.2	\$97.8
International Fixed Income		<u>791.1</u>	<u>778.2</u>	<u>(12.8)</u>
Total		\$3,879.7	\$4,173.1	\$293.4
TOTAL SALES:		\$9,821.3	\$10,510.0	\$688.8

Portfolio Summary and Transactions

CURRENCY HEDGE PORTFOLIO SUMMARY

(\$ Millions)

April 30, 2006

<u>PENDING FX CONTRACTS</u>	<u>COST</u>	<u>MARKET VALUE</u>
Total FX Purchased	\$8,281.0	\$8,436.0
Total FX Sold	\$13,655.9	\$13,956.0

CURRENCY OPTIONS

Currency Puts	(\$75.7)	(\$104.3)
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"For FX purchased, a market value higher than book value means the contracts have an unrealized gain as of the valuation date. For FX sold, a market value lower than book value means the contracts have an unrealized gain as of the valuation date."

CURRENCY HEDGE TRANSACTION SUMMARY

(\$ Millions)

April 30, 2006

<u>PURCHASES</u>	<u>COST</u>
Pending FX Contracts	\$8,153.8
<u>SALES</u>	<u>PROCEEDS</u>
Pending FX Contracts	\$6,936.0

Affiliate Funds Report- May 31, 2006

Staff has compiled the following investment transaction and portfolio summary reports prepared by the Custodian for the Affiliate Funds for the month ending May 31, 2006.

Affiliate Funds Allocation and Transaction Reports: [\(full reporting is available in the supplemental reporting document\)](#)

Legislators' Retirement Fund:

<u>Asset</u>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
AFFILIATE TIPS	\$155,846,738	54.894	\$149,435,325	52.750
LEG-INTERNATIONAL - SSGA	\$6,951,976	2.449	\$12,628,200	4.458
LEGISTRATORS RETIREMENT TOTAL FUND	\$121,106,147	42.657	\$121,225,259	42.792
TOTAL	<u>\$268,687,020</u>	100.000	<u>\$283,288,784</u>	100.000

Judges' Retirement Fund:

<u>Asset</u>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
JUD-INTERNAL SHORT TERM - CALPERS	\$10,047,858	100.000	\$10,047,858	100.000
TOTAL	<u>\$10,047,858</u>	100.000	<u>\$10,047,858</u>	100.000

Affiliate Funds Report- May 31, 2006

Judges II Retirement Fund:

<u>Asset</u>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
JUDGES II - INTERNATIONAL - SSGA	\$20,818,841	11.100	\$37,526,063	18.032
JUDGES II TOTAL FUND	\$166,737,719	88.900	\$170,583,701	81.968
TOTAL	<u>\$187,556,560</u>	100.000	<u>\$208,109,764</u>	100.000

Public Employees' Medical & Hospital Care Act Contingency Reserve Fund:

<u>Asset</u>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
CRF INTERNAL SHORT TERM - CALPERS	\$6,290,035	100.000	\$6,290,035	100.000
TOTAL	<u>\$6,290,035</u>	100.000	<u>\$6,290,035</u>	100.000

Volunteer Firefighters Length of Service Award Fund:

<u>Asset</u>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
VFF INTERNAL SHORT TERM - CALPERS	\$2,885,670	100.000	\$3,047,504	100.000
TOTAL	<u>\$2,885,670</u>	100.000	<u>\$3,047,504</u>	100.000

Affiliate Funds Report- May 31, 2006

Supplemental Contribution Fund:

<u>Asset</u>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
SCP TOTAL FUND	\$16,282,004	87.524	\$16,933,589	80.955
SUPPLEMENTAL CONTRIBUTION - INTL EQUITY	\$2,320,885	12.476	\$3,983,744	19.045
TOTAL	<u>\$18,602,889</u>	100.000	<u>\$20,917,333</u>	100.000

Self Fund Health Care:

<u>Asset</u>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
SELF FUND HEALTH - CALPERS	\$93,702,471	100.000	\$93,683,245	100.000
TOTAL	<u>\$93,702,471</u>	100.000	<u>\$93,683,245</u>	100.000